WEEKLY ECONOMIC REVIEW

June 30, 2006

With rising inflationary concerns, the U.S. Federal Reserve Board raised interest rates by 25 basis points to 5.25 per cent this week. The widely anticipated increase marks the 17th consecutive rate hike since June 2004. The Fed stated that further tightening "will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information". This is considered a relief as many analysts were expecting a hike in interest rates on August 8th. Following growth of 5.6 per cent in the first quarter of 2006, the U.S. economy is entering a slower growth period. If data releases over the coming months confirm this trend, the Fed may not raise interest rates further.

Alberta's average weekly earnings grew by 1.0 per cent in April from last month – the largest monthly gain since December 2004. Compared to April 2005, average weekly earnings rose 5.8 per cent, 2.1 percentage points higher than the national average.

Alberta's strong economy is attracting a record number of people from other provinces. As of April 1, 2006, Alberta's population is estimated to be 3,332,225, a record first quarter increase of 25,900 people. Net inter-provincial migration accounted for 15,573 of the increase.

Cdn Dollar (C¢/US$)

June 30, 2006	89.7¢
June 23, 2006	89.0¢
2006-07 YTD	89.2¢

WTI Oil US$/bbl

June 29, 2006	$73.52
June 22, 2006	$70.84
2006-07 YTD	$70.69

Nymex Natural Gas C$/mcf*

July Contract

June 30, 2006	$6.77
June 23, 2006	$7.03

*Estimate based on Nymex Futures Market Price

Although Canada's population increased at the fastest pace in four years to over 32.5 million, the increase of 0.78 per cent in Alberta was three-times the Canadian increase (+0.24 per cent). Only British Columbia (+0.3 per cent) and Ontario (+0.25 per cent) recorded gains above the Canadian average. Saskatchewan, Newfoundland, New Brunswick and Nova Scotia experienced declines in population.

Oil prices jumped US$2.68/bbl this week on the back of rising gasoline prices. Expectations of strong summer demand ahead of the U.S. four-day weekend and the continued problems with a key Louisiana waterway serving four refineries pushed up gasoline prices.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Average Weekly Earnings ($)	**April**			
Alberta	802.1	1.0%	5.8%	5.2%
Canada	747.8	0.2%	3.7%	4.2%
Industrial Product Price Index (1997=100)	**May**			
Canada	114.2	0.3%	2.5%	1.8%
Raw Materials Price Index (1997=100)	**May**			
Canada	170.2	5.6%	23.4%	14.1%
Net Inter-Provincial Migration	**1st Quarter 2006**	**4th Quarter 2005**	**3rd Quarter 2005**	**Previous 12 Months**
Alberta	15,573	17,059	13,110	52,337

Source: Statistics Canada

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-April 2006 versus January-April 2005*